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16 MAR 1977

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MEMORANDUM FOR: [redacted]
Director, Office of Performance, Evaluation and Improvement
Intelligence Community Staff

FROM : Sayre Stevens
Deputy Director for Intelligence

SUBJECT : IC Staff Paper "Systemic Problems in Intelligence Analysis on the Soviet Union"

1. After receiving the IC Staff paper "Systemic Problems in Intelligence Analysis on the Soviet Union," I asked elements in the Directorate of Intelligence working on the Soviet Union to give careful consideration to the problems in analysis cited in the paper as well as to your recommendations for overcoming these problems. I have reviewed the responses of the various offices and, drawing in part on their comments, offer my thoughts on your paper.

2. The IC Staff accurately has cited a number of the key questions, challenges and problems that require the attention of the various intelligence agencies. The Staff also has correctly observed that the Intelligence Community presently is not well equipped to address certain of the more sophisticated and complex questions either raised by policymakers or identified through our own analysis of important future issues. We need to devote more effort to Soviet decision-making, perspectives, motivations driving their arms programs, operational concepts and military exercises, industry and technology, and other important topics. I share your concern about bureaucratic barriers to the dissemination of intelligence information, the shortage of trained specialists on the Soviet Union, and the need to acquire additional basic information on key segments of Soviet military, economic and political life. Finally, in addition to the problems in Soviet analysis cited in your paper, I would note the need to focus our research and analytical effort more sharply on the most important questions and to re-orient our finished intelligence toward more emphasis on future expectations and implications and less on descriptive history.

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3. At the same time, the IC Staff paper is not as helpful to us as it might have been for the following reasons:

--It fails to take into account substantial efforts already underway to remedy many of the problems identified. For example, it fails to note the NFIB's direction that priority attention be given to further research on basic issues identified in preparation of NIEs 11-3/8-76 and 11-4-77, the subsequent approval of KIQ 16 relating to Soviet objectives and strategy, and the NIO-organized program approved by NFIB addressed to a dozen issues closely related to many of those identified in the IC Staff paper. In the economic area, the paper overlooks the major CIA research project on the Soviet economy due out in April that will answer many questions and provide a basis for further analysis of others. Similarly, there is no mention of our multi-disciplinary, long-term research project on Soviet RDT&E, nor of past, present or planned work on several important areas such as Soviet decision-making (e.g., The Politburo and Soviet Decision-Making, SALT and Soviet Decision-Making, The Soviet Foreign Policy Apparatus, etc.). I also would observe that we are currently preparing to participate in net assessments as called for in PRM 10, a task which I expect to continue long after the PRM is completed. In this connection, policymakers, the IC Staff and intelligence managers alike should appreciate the complexity of such assessments and that time is needed to develop both the methodologies and data base to make these evaluations properly.

--The paper assumes that all questions are answerable and that the answers can be obtained simply by the infusion of additional money. Certainly no one would deny that additional resources would help us do our job better, but in fact our past deficiencies are also attributable to management problems, inadequacies in recognizing and giving priority to key analytical problems, the unhappy fact that the data and access to Soviet inner circles required to answer many questions are not available to us, and the reality that certain questions relating to objectives, intentions and perspectives simply are not answerable -- in some cases because the Soviets themselves do not know.

--It seeks community solutions to our problems. I disagree that this approach will improve the quality of our efforts; indeed, it is part of the problem rather than part of the solution. The involvement of many of our best analysts in the proliferating machinery of Community-wide analytic problems, such as interagency studies and estimates, is a very real hindrance to our research program. Substantial resources are devoted to tasks which are more managerial

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and administrative than analytic. There is considerable feeling, which I share, that a fruitful approach to increasing the quality of intelligence products would be to return to departmental or single agency analysis and to have Community management focus on ensuring that the right questions are being addressed, on interpreting differing agency views for the consumer, and on insisting that those views be based on sound analysis.

Next Steps

4. I believe that Community action along the lines of any of the three alternatives you have proposed would be premature pending completion of PRM 11 on intelligence structure and the outcome of PRC discussions and decisions relating thereto. Additionally, we should consider the possibility that the new DCI will make changes in the way the Intelligence Community does its business. Only when we have a better idea of the future shape of the Community should new Community-wide initiatives be undertaken. Further, you should be aware that we in the Community recognize the problems and challenges relating to the Soviet area. Your assistance therefore, will be most valuable in identifying persistent specific problems we have neglected and in proposing specific remedies. Above all, before proposing broad changes, the IC Staff should better inform itself about measures already adopted in the various agencies to cope with accepted problems and challenges.

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SAYRE STEVENS

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